

**MINNESOTA TEACHERS RETIREMENT ASSOCIATION
MINUTES OF THE BOARD OF TRUSTEES RETREAT
AUGUST 14, 2019**

Board President Martha Lee Zins called the meeting to order at 9:30 a.m. Those attending in addition to Zins were:

Board members: Luke Olson, Paul Moore, Joel Stencel, Mary Supple and Marshall Thompson.

TRA Staff: Rachel Barth, Carol Diedrich, Joel Hohenstein, Ruth Krupa, Julie Larson, Tim Maurer, Lynn Paatalo, Erica Pinc, Dan Ristow, Jay Stoffel and John Wicklund.

Legal Representative: Kathy Woodruff

Others: Brent Banister, Pat Beckham, Sally Mays, Mansco Perry and Louise Sundin

1. Called to order at 9:30 a.m. President Zins noted that, without objection, the agenda will be revised for additional items to be discussed under agenda item 8-Communications.

2. Approval of Minutes of meeting on June 12, 2019

It was moved by Supple and seconded by Thompson to approve the minutes of the June 12, 2019 meeting. The motion passed unanimously.

3. Actuarial Status Update

TRA actuaries Beckham and Banister of Cavanaugh Macdonald presented estimated actuarial status and valuation results as of July 1, 2019. In the estimation process all economic and demographic assumptions are assumed to be met except for investment return which was assumed to be 7.3% for fiscal year 2019. Preliminary estimates indicate a market value of assets as of June 30, 2019 at \$22.8 billion and liabilities of \$29.3 billion. TRA's market value funded ratio is estimated at 77.8% with a contribution sufficiency estimated to be 0.42% when factoring in future contribution rate increases. If all assumptions are met in the future TRA is projected to be 100% funded in 2042.

The actuaries also reviewed the changes in reporting due to Actuarial Standards of Practice (ASOP) 51 which now requires identification of funding risks, and proposed changes to ASOP 4 which give direction on measuring pension liabilities.

4. Strategic Plan Update

Stoffel reviewed the main components of the Strategic Plan including the four goals and the seven strategies. He also reviewed the action plans and implementation activities. A Strategy

Coordinator has been assigned to each strategy and will develop teams to accomplish the action plans. Results based accountability will be part of the process. An Advisory Committee on Executive Strategies (ACES) comprised of four executive staff has been established to oversee the plan and to focus on keeping the plan moving.

8.b. November Board meeting dates / NCTR Conference

It was noted there is a schedule conflict with the TRA and MSRS November Board meetings, which affects Trustee Moore's attendance. Discussion followed regarding alternate dates.

It was moved by Moore and seconded by Supple to change the November Board meeting date to November 20, 2019 and Audit Committee meeting date to November 19, 2019. The motion passed unanimously by the Board.

Stoffel and Zins noted that the 97th Annual NCTR conference is scheduled for October 12 – 15 in Nashville, TN. Committee meetings will be held on October 12. The deadline for submitting resolutions is August 30, and the delegate form is due by September 20, 2019.

5. SBI Update

State Board of Investment (SBI) Executive Director Mansco Perry reviewed the SBI Performance Summary report for quarter ended June 30, 2019. Perry noted that SBI is responsible for the investment management of various retirement funds, non-retirement assets, trust funds, and cash accounts. Perry answered questions from board members, especially around the issue of investment in guns. Discussion revolved around SBI policy and practice regarding ESG (economic, social, and governance) issues.

6. TRA Trends and Comparisons

Stoffel and Wicklund reviewed charts and graphs showing various trends and comparisons related to TRA demographics and finances. Wicklund reviewed a chart comparing TRA to MSRS and PERA. Wicklund also reviewed a chart of various levels of TRA benefits and how they compare in regards to retirement security and income replacement.

7. Experience Study

Beckham and Banister reviewed results from the 2014-2018 Experience Study report. Beckham and Banister reviewed the process for evaluating both the economic and demographic assumptions. They reviewed the three recommendations in the study report related to changes in the assumptions for: 1) pre-retirement mortality, 2) termination of employment rates, and 3) optional form election probabilities. Estimated valuation results and cost impact of the recommended changes were also reviewed. President Zins suggested that the changes be reviewed again and approved at the September Board meeting.

8.a. Communications

Maurer reviewed a list of recent communications and outreach efforts that TRA has initiated. Many of the efforts are related to improved and expanded member on-line functionality and security of member data. We also created an Outreach Coordinator position on staff.

Maurer reviewed upcoming enhancements that are currently in progress, including videos for members, paperless communications, further enhancements to the MyTRA benefit estimate calculator, on-line beneficiary designation, and enhanced counseling services

8.c. Public Comments

None.

9. Board Annual Review

Board members discussed their annual review of the board operations.

Adjourn

The meeting adjourned at 3:18 p.m. with a motion by Moore, seconded by Olson and a unanimous vote by the Board.

Attest:

J. Michael Stoffel
Executive Director

Martha Lee Zins
President